

# Public Safety Employees' Retirement System (PSERS) Plan 2

## Member's Benefit Estimate Worksheet

This worksheet will explain how your PSERS Plan 2 retirement benefit is calculated. To assist you in completing the worksheet, we have included a sample of "John Doe's" retirement calculation. Please keep in mind that the results of this retirement benefit estimate are only estimated benefits based on projected salary and service credit. Your actual benefit will probably be different.

### You can retire from PSERS Plan 2 when you meet one of the following criteria:

- Age 65 with at least five service credit years\*
- Age 60 with at least 10 years of PSERS service credit years
- Age 53 with at least 20 service credit years\* (Benefit will be actuarially reduced. See table on page 3.)

\* Service credit years for these two criteria may be from PSERS or a combination of service with other DRS-covered systems. See the *What is Dual Membership and How Does It Affect Me?* brochure for more information.

### How service credit is counted:

#### You earn

1 month of service credit  
.50 month of service credit  
.25 month of service credit

#### When you

receive pay for at least 90 hours in a month  
receive pay for at least 70 but less than 90 hours in a month  
receive pay for less than 70 hours in a month

Step 1: Determine the number of years of PSERS service credit you will have at retirement.	You	John Doe
		20 years
<b>Step 2: Estimate your Average Final Compensation.</b> 2. My Average Final Compensation (AFC)  AFC is the average of your 60 consecutive highest paid service credit months.**  <i>**Lump sum payments for unused sick, vacation, or annual leave cannot be included in the AFC. Depending on how far off your projected retirement date is (Step 1), your actual salary and AFC may differ from its current level. You may wish to estimate your future salary, then figure an AFC based on those figures.</i>	\$ _____ (Per Month)	\$3,334 per month
<b>Step 3: Compute your Standard Monthly Benefit.</b> Also known as Option 1, the standard benefit provides the highest monthly benefit and stops when you die. At death, the remaining balance in your account, if any, plus the unpaid portion of the final monthly benefit would be paid to your beneficiary on file.  The formula for the Standard Benefit: years of service credit x 2% x AFC  3a. Your projected service credit years (Step 1) times 2% =		20 x .02 = .40
3b. Your AFC (Step 2) times 3a = Standard monthly benefit:		\$3,334 x .40 = \$1,333

## PSERS Plan 2 Benefit Estimate

### Step 4: Determine your benefit if you choose a Survivor Payment Option.

There are three Survivor options available. Under each of the options, you receive an actuarial reduction of the Standard Benefit. The reduction is based on the joint life expectancy of you and your beneficiary. Use Table 1 on page 3 to find your reduction factor, then calculate your benefit.

4a. Determine the age difference between you and your beneficiary. Round to the nearest year. (John Doe's beneficiary is one year younger than John.)

You

John Doe

60 - 59 = 1 year

4b. Option 2 -- When you die, your survivor receives a benefit worth 100% of your benefit -- Use the reduction factor from Table 1 to determine the monthly benefit. (3b x reduction factor = reduced benefit that you receive)

Option 2 benefit  
\$1,333 x .778 = \$1,037  
survivor gets \$1,037

4c. Option 3 -- When you die, your survivor receives a benefit worth 50% of your benefit -- Use the reduction factor from Table 1 to determine the benefit. (3b x reduction factor = reduced benefit that you receive)

Option 3 benefit  
\$1,333 x .875 = \$1,166  
survivor gets \$583

4d. Option 4 -- When you die, your survivor receives a benefit worth 66.67% of your benefit -- Use the reduction factor from Table 1 to determine the benefit. (3b x reduction factor = reduced benefit that you receive)

Option 4 benefit  
\$1,333 x .840 = \$1,119  
survivor gets \$746

**NOTE:** If you choose a Survivor Payment Option, but your beneficiary dies before you, the benefit amount is increased to a single lifetime benefit level (Standard Option).

### Step 5: Calculating a reduction for early retirement.

5a. Calculate your benefit the same as you would for a standard option benefit. (See Step 3)  
For purposes of this example, let's say John decides to retire at age 55.

20 x .02 = .40  
\$3,334 x .40 = \$1,333

5b. Multiply the monthly benefit by the corresponding reduction factor from Table 2.

\$1,333 x .85  
= \$1,133 per month

## PSERS Plan 2 Benefit Estimate

**Table 1: Survivor Benefit Options**

Age Difference	Option 2 - 100%	Option 3 - 50%	Option 4 - 66.67%
-15	0.917	0.957	0.943
-14	0.912	0.954	0.940
-13	0.907	0.951	0.936
-12	0.902	0.948	0.932
-11	0.896	0.945	0.928
-10	0.890	0.942	0.924
-9	0.884	0.938	0.919
-8	0.878	0.935	0.915
-7	0.871	0.931	0.910
-6	0.865	0.927	0.905
-5	0.858	0.924	0.901
-4	0.848	0.918	0.893
-3	0.840	0.913	0.887
-2	0.826	0.905	0.877
-1	0.805	0.892	0.861
0	0.791	0.883	0.850
1	0.778	0.875	0.840
2	0.767	0.868	0.832
3	0.758	0.863	0.825
4	0.751	0.858	0.819
5	0.743	0.853	0.813
6	0.736	0.848	0.807
7	0.728	0.843	0.801
8	0.721	0.838	0.795
9	0.713	0.833	0.789
10	0.706	0.828	0.783
11	0.699	0.823	0.777
12	0.693	0.818	0.772
13	0.686	0.814	0.766
14	0.680	0.809	0.761
15	0.673	0.805	0.756
16	0.667	0.801	0.751
17	0.662	0.796	0.746
18	0.656	0.792	0.741
19	0.651	0.788	0.736
20	0.645	0.785	0.732

**Table 2: Early Retirement Factors**

Your age at retirement	Benefit as a percentage of your age 60 benefit
53	79%
54	82%
55	85%
56	88%
57	91%
58	94%
59	97%
60	100%